

REMARKS OF HENRY A. WAXMAN, CHAIRMAN
SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT
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THE ADMINISTRATION'S HEALTH PROPOSALS

REMARKS OF HENRY A. WAXMAN

THE ADMINISTRATION'S HEALTH PROPOSALS:
UNHEALTHY FOR OLDER PERSONS

THANK YOU FOR THE OPPORTUNITY TO APPEAR HERE THIS AFTERNOON TO DISCUSS THE ADMINISTRATION'S PROPOSED FY 1983 HEALTH BUDGET AND ITS IMPACT ON THE ELDERLY.

THIS CONFERENCE IS PARTICULARLY TIMELY. AS I'M SURE YOU KNOW, THE CONGRESS IS NOW WORKING ON THE FEDERAL BUDGET FOR FY 1983. THE OUTCOME OF THESE DELIBERATIONS WILL HAVE ENORMOUS CONSEQUENCE FOR THE HEALTH OF THE POOR AND THE ELDERLY IN THIS COUNTRY FOR A LONG TIME TO COME.

JUST 6 MONTHS AGO, AT PRESIDENT REAGAN'S URGING, CONGRESS CUT HEALTH PROGRAMS, INCLUDING MEDICARE AND MEDICAID, BY \$2.8 BILLION IN FY 1982. THE BILL WE PASSED LAST YEAR ALSO CUT THOSE HEALTH CARE PROGRAMS AN ADDITIONAL \$2.8 BILLION IN FY 1983, WHICH BEGINS THIS OCTOBER 1.

BEFORE THE FULL IMPACT OF THESE CUTS HAS BEEN FELT, MUCH LESS EXAMINED, THE ADMINISTRATION IS RECKLESSLY ASKING FOR ADDITIONAL CUTS OF EVEN GREATER AMOUNTS. A TOTAL OF \$5.2 BILLION IN CUTS -- ABOVE AND BEYOND THE CUTS ALREADY SCHEDULED FOR THIS YEAR. THIS WOULD SIMPLY BE DEVASTATING TO THESE PROGRAMS.

WE ARE ALREADY BEGINNING TO SEE THE EARLY CONSEQUENCES OF LAST YEAR'S CUTS. TAKE THE CASE OF THE 86-YEAR OLD WORLD WAR I VETERAN IN NASHVILLE, TENNESSEE. BEFORE THE REAGAN BUDGET CUTS, THIS GENTLEMAN, A WIDOWER WITH NO CHILDREN, HAD BEEN RECEIVING ADULT DAY HEALTH SERVICES THROUGH A LOCAL AGENCY. THE CUTBACK IN TITLE XX SOCIAL

SERVICES FUNDING LAST OCTOBER 1 FORCED THE AGENCY TO DISENROLL 23 OF THE 110 FRAIL ELDERLY IN ITS PROGRAM, INCLUDING THIS GENTLEMAN. TWO MONTHS LATER, THE LOCAL V.A. HOSPITAL CALLED. HE HAD BEEN ADMITTED SUFFERING FROM MALNUTRITION.

FORTUNATELY, THIS GENTLEMAN RECOVERED AND SPECIAL ARRANGEMENTS HAVE BEEN MADE TO REENROLL HIM IN THE ADULT DAY HEALTH PROGRAM. HOWEVER, WHAT HAPPENED TO HIM DRAMATIZES THE SENSELESSNESS OF THE REAGAN BUDGET CUTS. THE STATES AND LOCALITIES ARE NOT PICKING UP THE FEDERAL SLACK. SERVICES THAT KEEP PEOPLE SELF-SUFFICIENT AND OUT OF INSTITUTIONS ARE THE FIRST TO GO. AS A RESULT, THOSE DEPENDENT ON THESE SERVICES EVENTUALLY DETERIORATE TO THE POINT WHERE THEY NEED HOSPITAL OR NURSING HOME CARE -- CARE THAT IN MANY CASES IS FAR MORE EXPENSIVE..

DESPITE MOUNTING EVIDENCE THAT THE STATES AND LOCALITIES SIMPLY CAN'T CONTINUE PROVIDING THE ADEQUATE SERVICES, THE REAGAN ADMINISTRATION WANTS MORE MASSIVE CUTS. MEDICARE AND MEDICAID ARE PARTICULARLY HARD HIT.

IN MEDICARE, THE ADMINISTRATION IS PROPOSING TO CUT \$2.5 BILLION NEXT YEAR. MUCH OF THIS INVOLVES SHIFTING COSTS ONTO THE PEOPLE THE PROGRAM IS SUPPOSED TO BE TAKING CARE OF. AS MOST OF YOU KNOW, LAST YEAR THE MEDICARE PART B DEDUCTIBLE INCREASED FROM \$60 TO \$75. PRESIDENT REAGAN NOW HAS ASKED CONGRESS TO INCREASE THE DEDUCTIBLE EVERY YEAR; BY 1987, THE DEDUCTIBLE IS EXPECTED TO BE \$102. THIS IS BEING PROPOSED AT THE SAME TIME TALK OF LIMITING SOCIAL SECURITY IS RAMPANT .

PRESIDENT REAGAN ALSO PROPOSES TO IMPOSE A 5 PERCENT CO-INSURANCE CHARGE ON ALL HOME HEALTH VISITS. THIS SIMPLY DOESN'T MAKE

SENSE, AFTER WE HAVE FOUGHT LONG AND HARD TO IMPROVE COVERAGE FOR PEOPLE AT HOME SO THAT NURSING HOMES AREN'T THE ONLY ALTERNATIVE WHEN PEOPLE GET OLD AND FRAIL AND SICK. A 5 PERCENT CO-INSURANCE REQUIREMENT CAN ONLY DISCOURAGE USE OF THESE IMPORTANT SERVICES -- PARTICULARLY BY THE POOR ELDERLY.

PRESIDENT REAGAN IS ALSO PROPOSING TO DELAY INITIAL ELIGIBILITY FOR MEDICARE BY ONE MONTH. RIGHT NOW, MEDICARE STARTS THE MONTH IN WHICH A PERSON TURNS 65. UNDER THE ADMINISTRATION'S PROPOSAL, THE PERSON WOULD HAVE TO WAIT A MONTH BEFORE THE FEDERAL GOVERNMENT MAKES GOOD ON ITS PROMISE TO PROVIDE HEALTH INSURANCE COVERAGE. IT'S JUST TOO BAD IF SOMEONE GETS SICK. NOW THAT IS A CURIOUS BIRTHDAY PRESENT FOR THE ELDERLY, DON'T YOU THINK?

PRESIDENT REAGAN PROPOSES TO LIMIT THE INCREASE IN PHYSICIAN FEES UNDER THE MEDICARE PROGRAM TO 5 PERCENT IN FY 1983. THAT SOUNDS GOOD, BUT LET'S LOOK AT THE FACTS. PHYSICIANS ARE ALREADY DISSATISFIED WITH THE REIMBURSEMENT THEY RECEIVE FROM MEDICARE, SO THEY REFUSE TO TAKE ASSIGNMENT. THEY MAKE THE PATIENT PAY THEM AND THEN THE PATIENT HAS TO COLLECT FROM MEDICARE. THE PEOPLE THE PROGRAM IS SUPPOSED TO SERVE GET STUCK - THEY PAY MUCH MORE OUT OF POCKET THAN JUST THEIR 20 PERCENT CO-INSURANCE. IF THE PRESIDENT'S PROPOSAL BECOMES LAW, WE CAN EXPECT EVEN MORE PHYSICIANS WILL REFUSE TO TAKE ASSIGNMENT, AND SHIFT THE BILL TO THE ELDERLY.

THE PRESIDENT IS ALSO SUPPORTING SOMETHING THAT IS CALLED "LONG-RANGE REFORM." NOW, I HAVE TO TELL YOU THAT I HAVE ALWAYS SUPPORTED REFORMS IN OUR HEALTH PROGRAMS TO HELP ASSURE MORE EFFICIENT DELIVERY OF SERVICES TO YOU. HOWEVER, WHEN THE PRESIDENT TALKS ABOUT LONG RANGE REFORM, IT HAS A DIFFERENT MEANING -- IT MEANS THAT YOU

WILL PAY MORE. HE IS APPARENTLY PREPARED TO PROPOSE THAT YOU PAY SIX PERCENT, OR \$18 PER DAY, FOR EVERY DAY OF HOSPITAL CARE. THAT IS AFTER YOU HAVE PAID YOUR \$260 DEDUCTIBLE FOR YOUR FIRST DAY. THE RESULT IS THAT FOR AN AVERAGE STAY OF ELEVEN DAYS, YOU WOULD PAY \$180 MORE THAN YOU PAY TODAY. I'M NOT SURE HOW MUCH REFORM OF THAT TYPE YOU CAN AFFORD.

THE SUPPOSED JUSTIFICATION IS THAT SUCH PAYMENTS WILL HELP DETER SOMETHING CALLED UNNECESSARY UTILIZATION, BY MAKING YOU MORE COST CONSCIOUS. APPARENTLY, THE PRESIDENT FEELS THAT YOU, THE MEDICARE ENROLLEES, HAVE BEEN STANDING IN LINE JUST INSISTING ON BEING ADMITTED TO HOSPITALS, WHICH WE ALL KNOW ARE JUST DELIGHTFUL PLACES TO SPEND THE NIGHT. I FIND THAT PRESUMPTION RIDICULOUS, AND I'M SURE YOU DO TOO.

THE OTHER JUSTIFICATION FOR THIS INCREASED PAYMENT IS THAT THEY ARE PROPOSING TO ADD A CATASTROPHIC BENEFIT TO MEDICARE. THAT IS SOMETHING THAT IS LONG OVERDUE, AND I FULLY SUPPORT THE CHANGE. HOWEVER, IT DOES NOT MAKE ANY SENSE TO FINANCE THAT IMPROVEMENT AT THE EXPENSE OF THOSE WHO ARE SICK ENOUGH TO GO TO THE HOSPITAL.

YOU MAY BE ABLE TO SEE A COMMON THREAD RUNNING THROUGH THE PRESIDENT'S MEDICARE BUDGET PROPOSALS -- SHIFT, SHIFT, SHIFT. THESE PROPOSALS WON'T ADDRESS THE REAL PROBLEMS IN THE HEALTH CARE SYSTEM. THEY WON'T REDUCE THE SOARING RATE OF INCREASE IN HOSPITAL COSTS. THEY WON'T PROTECT THE ELDERLY AND OTHER CONSUMERS AGAINST FINANCIAL RUIN FROM HIGH HEALTH EXPENSES. INSTEAD, THEY WILL SIMPLY SHIFT FEDERAL COSTS ONTO YOU -- WHETHER YOU ARE IN A POSITION TO ABSORB THEM OR NOT.

THE SAME CAN BE SAID ABOUT THE PRESIDENT'S PROPOSALS FOR MEDICAID. AS YOU KNOW, MEDICAID IS A PROGRAM THROUGH WHICH THE FEDERAL

GOVERNMENT HELPS THE STATES BUY HEALTH CARE FOR POOR PEOPLE. IT NOW COVERS OVER THREE AND ONE HALF MILLION ELDERLY POOR FOR SUCH ESSENTIAL SERVICES AS PRESCRIPTION DRUGS, EYEGASSES, HEARING AIDS, AND NURSING HOME CARE. MANY OF THESE INDIVIDUALS ALSO QUALIFY FOR MEDICARE BUT CAN'T AFFORD THE PREMIUMS OR CO-INSURANCE REQUIREMENTS; MEDICAID HELPS OUT BY PICKING UP THESE COSTS FOR THEM, AND BY PAYING FOR SERVICES MEDICARE DOESN'T COVER THAT THEY CAN'T AFFORD.

DESPITE ITS IMPORTANCE TO THE ELDERLY POOR, THE ADMINISTRATION HAS RUTHLESSLY ATTACKED MEDICAID. LAST YEAR, IT PROPOSED TO "CAP" THE FEDERAL CONTRIBUTIONS TO THE PROGRAMS, LEAVING THE STATES AND BENEFICIARIES TO FEND FOR THEMSELVES IN THE FACE OF RISING HEALTH CARE COSTS. IN SUCCESSFULLY OPPOSING THE ADMINISTRATION AT THAT TIME, I POINTED OUT THAT THEY COULD NO MORE "CAP" THE MEDICAID PROGRAM THAN THEY COULD "CAP" THE AGING PROCESS.

RECOGNIZING THAT THEY WILL NOT GET CONGRESS TO AGREE TO DEPRIVE THE ELDERLY OF THEIR MEDICAID BY CAPPING IT, THE ADMINISTRATION NOW PROPOSES TO SHIFT ANOTHER \$2.1 BILLION IN COSTS TO THE STATES AND THE POOR STARTING OCTOBER 1. IT'S NOT CALLED A "CAP," BUT THE CONSEQUENCES ARE EQUALLY DEVASTATING.

HOW DOES THE ADMINISTRATION PROPOSE TO "SAVE" \$2.1 BILLION IN MEDICAID? ONE WAY IS BY REDUCING FEDERAL PAYMENTS TO THE STATES FOR WHAT THEY CALL "OPTIONAL" SERVICES AND "OPTIONAL" ELIGIBILITY GROUPS BY 3 PERCENTAGE POINTS.

WHAT ARE THESE "OPTIONAL" SERVICES? PRESCRIPTION DRUGS. EYEGASSES. HEARING AIDS. DENTAL CARE. INTERMEDIATE NURSING HOME CARE.

WHO ARE THESE "OPTIONAL" ELIGIBILITY GROUPS? THE "MEDICALLY NEEDY" AGED, BLIND, AND DISABLED, WHO ARE NOT RECEIVING SUPPLEMENTAL

SECURITY INCOME (SSI) BUT CANNOT AFFORD HEALTH CARE. THE "NURSING HOME ONLY" PERSONS WHO NEED MEDICAID BECAUSE THEY ARE IN NURSING HOMES, BUT WHO HAVE SOME SMALL AMOUNT OF MONEY, SO THEY DON'T GET AN SSI CHECK.

IN SHORT, THESE PROPOSED CUTS IN "OPTIONAL" SERVICES AND GROUPS WOULD RENEG ON THE FEDERAL COMMITMENT TO THE ELDERLY POOR, PARTICULARLY THOSE IN NURSING HOMES. IT IS DIFFICULT TO IMAGINE A MORE VULNERABLE TARGET.

EVEN MORE DIRECT IN ITS IMPACT IS THE ADMINISTRATION'S PROPOSAL TO REQUIRE STATES TO MAKE MEDICAID PATIENTS PAY PART OF THE COST FOR PHYSICIAN AND CLINIC VISITS AND HOSPITAL SERVICES. EVERY DAY THAT A "MEDICALLY NEEDY" ELDERLY PERSON SPENDS IN A HOSPITAL, THE ADMINISTRATION WOULD REQUIRE A \$2 PAYMENT, WHETHER THE PERSON COULD AFFORD IT OR NOT. IT PROBABLY WON'T SURPRISE YOU TO LEARN THAT THE ADMINISTRATION IS NOT PROPOSING TO INCREASE SSI GRANTS TO THE AGED TO HELP THEM ABSORB THE INCREASE IN OUT-OF-POCKET COSTS. THE MESSAGE TO THE ELDERLY POOR IS CLEAR: IF YOU WANT ANY HELP FROM US, DON'T GET SICK.

THE ELDERLY ARE NOT THE ONLY TARGETS OF THE PRESIDENT'S MEDICAID COST-SHIFTING PROPOSALS. THEIR FAMILIES ARE ALSO IN FOR IT. THE ADMINISTRATION WANTS TO ALLOW STATES TO IMPOSE LIENS ON THE HOMES OF MEDICAID BENEFICIARIES IN NURSING HOMES, EVEN WHILE THEIR HUSBAND OR WIFE OR CHILDREN ARE LIVING THERE. WHEN THE HOME WAS SOLD, THE MONEY WOULD GO TO THE STATE FIRST. THE ELDERLY HOMEOWNER MIGHT HAVE NOTHING TO LEAVE HIS OR HER SPOUSE OR CHILDREN.

IN A SIMILAR VEIN, THE ADMINISTRATION ALSO WANTS TO LET THE STATES REQUIRE THAT ADULT CHILDREN HAVE TO PAY FOR PART OF THE COSTS OF THEIR PARENTS' NURSING HOME CARE. THIS WOULD REVERSE LONG-STANDING

FEDERAL POLICY THAT LIMITS RESPONSIBILITY FOR THE COSTS OF CARE OF AN ELDERLY MEDICAID PATIENT TO THAT PATIENT'S HUSBAND OR WIFE. IT INVITES DISCRIMINATION BY NURSING HOMES AGAINST MEDICAID RECIPIENTS WITH CHILDREN WHO CANNOT PAY, WITH CHILDREN WHO REFUSE TO PAY, OR WITH NO CHILDREN AT ALL.

SO MUCH FOR THE BAD NEWS. LET ME SHARE WITH YOU SOME GOOD NEWS. ACCEPTANCE OF THE PRESIDENT'S BUDGET PROPOSALS IS BY NO MEANS CERTAIN. IN FACT, IT APPEARS THAT MANY MEMBERS OF CONGRESS ARE BEGINNING TO SEE THROUGH THE ADMINISTRATION'S RHETORIC OF "TARGETING MEDICAID EXPENDITURES ON THOSE MOST IN NEED." MEMBERS ARE BEGINNING TO UNDERSTAND THAT THIS REALLY MEANS SHIFTING COSTS ONTO THE ELDERLY POOR.

HOWEVER, YOU SHOULD NOT UNDERESTIMATE THE ADMINISTRATION. THEY ARE EXTREMELY EFFECTIVE AT COMMUNICATING THEIR VIEW OF REALITY.

JUST LAST WEEK, THE WHITE HOUSE BEGAN A NEW OFFENSIVE TO IMPROVE THE PRESIDENT'S IMAGE AS A "SOFT TOUCH" FOR THE POOR. I HAVE NOT HEARD ANY REPORTS THAT THE PRESIDENT INTENDS TO CHANGE HIS BUDGET - JUST THE IMAGE HIS BUDGET PROJECTS. EVEN A WARM CARING IMAGE WILL NOT BUY HEALTH CARE FOR THE ELDERLY POOR. WHAT YOU AND THE GROUPS YOU WORK WITH NEED TO DO IS TO LET CONGRESS KNOW WHAT THE ADMINISTRATION'S BUDGET CUTS REALLY MEAN FOR THE ELDERLY AND THE POOR. TELL THEM WHAT IS ALREADY HAPPENING TO THE ELDERLY IN YOUR COMMUNITIES, AND WHAT IS LIKELY TO HAPPEN IF FURTHER CUTS ARE MADE IN MEDICAID AND MEDICARE. OTHERWISE, PEOPLE MAY ACTUALLY BEGIN TO BELIEVE THAT PURPOSE OF THE PRESIDENT'S BUDGET, IN HIS WORDS, IS "TO MEET THE REQUIREMENTS OF THE TRULY NEEDY."

THIS IS A FIGHT THAT CAN BE WON. JUST RECENTLY WE SAW WHAT

GROUPS LIKE YOURS CAN DO WHEN THEY GET INVOLVED. THE ADMINISTRATION WANTED TO CHANGE THE REGULATIONS PROTECTING THE RIGHTS AND HEALTH AND SAFETY OF PEOPLE IN NURSING HOMES. THEY SAID THEY WERE JUST GOING TO STREAMLINE THE REGULATIONS - BUT THEIR EFFORT WAS RECOGNIZED FOR WHAT IT WAS: BACKING AWAY FROM FEDERAL PROTECTIONS FOR THE AGED AND SICK. THE ADMINISTRATION BACKED DOWN. THEY CHANGED THEIR MIND WHEN THEY SAW THAT GROUPS WOULD SPEAK UP AND SPEAK OUT ON WHAT THEY WERE DOING. THAT SUCCESS CAN BE REPEATED. BUT ONLY IF WE WORK TOGETHER TO SAVE THESE PROGRAMS.

I LOOK FORWARD TO WORKING WITH YOU.